

## REGULATION (EEC) No 804/68 OF THE COUNCIL

of 27 June 1968

on the common organisation of the market in milk and milk products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament<sup>1</sup>;

Whereas the operation and development of the common market in agricultural products must be accompanied by the establishment of a common agricultural policy to include in particular a common organisation of agricultural markets which may take various forms depending on the product;

Whereas Regulation No 13/64/EEC<sup>2</sup> provided that the common organisation of the market in milk and milk products should be established progressively from 1964; whereas the main features of the market organisation thus established are the annual fixing of a target price for milk, of threshold prices for pilot products of milk product groups to which the price of imported milk products must be raised by means of a variable levy, and of an intervention price for butter;

Whereas, owing to the price machinery introduced by Regulation No 13/64/EEC, the creation of a single Community market in milk and milk products does not depend solely on the removal of all obstacles to the free movement of goods within the Community and the establishment of identical protection at its external frontiers, but also on the adoption of a

system comprising a single target price for milk, a single threshold price for each of the pilot products, and a single intervention price for butter; whereas therefore the necessary adjustments should be made to the system introduced by Regulation No 13/64/EEC;

Whereas the aim of the common agricultural policy is to attain the objectives set out in Article 39 of the Treaty; whereas, in the milk sector, in order to stabilise markets and to ensure a fair standard of living for the agricultural community concerned, it is necessary that the intervention agencies continue to take intervention measures on the market, such measures however to be standardised so as not to impede the free movement of the goods in question within the Community;

Whereas intervention measures must be such that the proceeds of aggregate milk sales tend to correspond to the common target price for milk delivered to dairy; whereas, to that end, in addition to intervention in respect of butter and fresh cream, other Community intervention measures are required to enable the best return, to be obtained from milk proteins and to support the prices of products which have special importance in determining producer prices for milk;

Whereas the creation of a single Community market for milk and milk products involves, apart from a single price system, the introduction of a single trading system at the external frontiers of the Community; whereas a trading system including levies and export refunds, combined with intervention measures, also serves to stabilise the Community market, in particular by preventing price fluctuations on the world market from affecting prices ruling within the Community; whereas, therefore, provision should be made for the charging of a levy on imports from third countries and the payment of a refund on exports to such countries, both being designed to cover the difference between the prices ruling outside and inside the Community;

<sup>1</sup> OJ No C 18, 9.3.1968, p. 4.

<sup>2</sup> OJ No 34, 27.2.1964, p. 549/64.

Whereas it is still not possible to introduce, for all products falling within heading No 04.01 of the Common Customs Tariff, an import system such as has been introduced for other milk products; whereas it is therefore advisable to preserve until 31 December 1969 the essential parts of the system at present applied by Member States, while at the same time, in order to maintain a certain degree of uniformity, providing for the application of the Common Customs Tariff rates;

Whereas, in addition to the system described above, and to the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of 'inward processing arrangements'; whereas, moreover, the refund should be fixed in such a way that operations under inward processing arrangements do not lead the Community processing industry to use, with a view to export, basic products imported from third countries in preference to Community basic products; whereas the creation of a single market for milk and milk products necessitates Community control of inward processing arrangements;

Whereas the competent authorities must be in a position constantly to follow trade movements in order to assess market trends and to apply the measures laid down in this Regulation as necessary; whereas, to that end, provision should be made for the issue of import licences and, when occasion arises, of export licences, accompanied by the lodging of a deposit guaranteeing that the transactions in respect of which such licences are requested are effected;

Whereas the levy system makes it possible to dispense with all other protective measures at the external frontiers of the Community; whereas, however, the common price and levy machinery may, in exceptional circumstances, prove defective; whereas, in such cases, so as not to leave the Community market without defence against disturbances which may arise therefrom after the import barriers which existed previously have been removed, the Community should be enabled to take all necessary measures without delay;

Whereas the establishment of a single market in milk and milk products involves the removal at the internal frontiers of the Community of all obstacles to the free movement of the goods in question:

Whereas the establishment of a single market based on a common price system would be jeopardised by the granting of certain aids; whereas, therefore, the provisions of the Treaty which allow the assessment

of aids granted by Member States and the prohibition of those which are incompatible with the common market should be made to apply to milk and milk products; whereas, however, to facilitate the establishment of the common organisation of markets in the Federal Republic of Germany, provision should be made for granting degressive national aids for a transitional period; whereas, moreover, in view of the special situation of Luxembourg agriculture on the one hand and the accelerated achievement of free movement within the Community on the other, the Grand Duchy of Luxembourg should be authorised to grant to milk producers degressive national aids over a period of six years; whereas the granting of national aids should be permitted for products falling within heading No 04.01 of the Common Customs Tariff which are intended for consumption in schools;

Whereas the achievement of free movement of butter may be jeopardised by the disparities between the provisions which Member States have been able to maintain governing the manufacture and marketing of that product; whereas it is therefore necessary to make provision for common standards of quality and marketing; whereas, in order to avoid Community products being placed at a disadvantage, it is essential to extend the application of these provisions to imported butter;

Whereas the transition from the system provided in Regulation No 13/64/EEC to that established by this Regulation should be effected as smoothly as possible; whereas transitional measures may therefore prove necessary;

Whereas the common organisation of the market in milk and milk products must take appropriate account, at the same time, of the objectives set out in Articles 39 and 110 of the Treaty;

Whereas, in order to facilitate implementation of the proposed measures, a procedure should be provided for establishing close co-operation between Member States and the Commission within a Management Committee;

HAS ADOPTED THIS REGULATION:

#### *Article 1*

The common organisation of the market in milk and milk products shall cover the following products:

CCT heading No	Description of goods
(a) 04.01	Milk and cream, fresh, not concentrated or sweetened:
1	A. With a fat content by weight not exceeding 6%
2	B. Other
(b) 04.02	Milk and cream, preserved, concentrated or sweetened
(c) 04.03	Butter
(d) 04.04	Cheese and curd
(e) 17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel;
	A. Lactose and lactose syrup:
	II. Other than that containing, in the dry state, 99% or more by weight of the pure product
(f) 17.05	Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion:
	A. Lactose and lactose syrup
(g) 23.07	Sweetened forage; other preparations of a kind used in animal feeding;
	ex B. Preparations and feeding-stuffs containing products to which this Regulation applies, directly or by virtue of Regulation No 189/66/EEC <sup>1</sup> , except preparations and feeding-stuffs to which Regulation No 120/67/EEC <sup>2</sup> applies

<sup>1</sup> OJ No 218, 28.11.1966, p. 3713/66.

<sup>2</sup> OJ No 117, 19.6.1967, p. 2269/67.

## TITLE I

### Prices

#### Article 2

Save where derogation is decided by the Council, acting in accordance with the voting procedure laid

down in Article 43 (2) of the Treaty on a proposal from the Commission, the milk year for all products listed in Article 1 shall begin on 1 April and end on 31 March of the following year.

However, the 1968/1969 milk year shall begin on 29 July 1968.

#### Article 3

1. Before 1 August of each year a target price for milk shall be fixed for the Community in respect of the milk year beginning in the following calendar year.

However, the target price for the 1968/1969 milk year shall be fixed before 29 July 1968.

2. The target price shall be that price which it is aimed to obtain for the aggregate of producers' milk sales, on the Community market and on external markets, during the milk year.

3. The target price shall be fixed for milk containing 3.7% fat, delivered to dairy.

4. The target price shall be fixed in accordance with the procedure laid down in Article 43 (2) of the Treaty.

#### Article 4

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall fix each year for the following milk year Community threshold prices for certain of the products listed in Article 1 (a) 2 and (b) to (g) (hereinafter called 'pilot products'). The threshold prices shall be fixed so that, account being taken of the protection required for the Community processing industry, the prices of imported milk products shall correspond to the level of the target price for milk.

#### Article 5

1. Each year at the same time as the target price for milk, and in accordance with the same procedure, the following shall be fixed:

- (a) an intervention price for butter;
- (b) an intervention price for skimmed milk powder;
- (c) intervention prices for Grana padano and Parmigiano Reggiano cheeses.

2. The intervention prices for the cheeses specified in paragraph 1 (c) shall be fixed at levels which will give milk producers in areas of the Community where such cheeses qualifying to bear the designation of origin are produced the same long-term security as regards milk prices to producers as that provided by

the intervention measures in respect of skimmed milk and butter.

## TITLE II

### Intervention system

#### Article 6

1. Under conditions determined in accordance with paragraph 6, the intervention agency designated by each Member State shall buy in at the intervention price Community-produced butter offered to it bearing the control stamp provided for in Article 27, if such butter reaches certain standards.

2. Under conditions determined in accordance with paragraph 6, aid shall be granted for the private storage of Community-produced butter bearing the control stamp and of Community-produced cream, if such products reach certain standards.

3. Disposal of the butter bought in by the intervention agency shall take place in such a way as to avoid disturbing the balance of the market and to ensure equal access to the products for sale and equal treatment of purchasers.

Special measures may be taken for butter held in public storage which cannot be marketed on normal terms during a milk year. In so far as is justified by the nature of these measures, special measures shall also be taken to maintain the marketability of products receiving the aid provided for in paragraph 2.

4. The intervention system shall be so applied that:

- (a) the competitive position of butter on the market is maintained;
- (b) the initial quality of butter is so far as possible preserved;
- (c) stocks are held on the most rational basis possible.

5. The control stamp provided for in Article 27 shall not be required for the butter specified in paragraphs 1 and 2 until the measures to be adopted in pursuance of Article 27 take effect or until 31 December 1968 at the latest.

However, the Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, may decide to vary the date indicated in the preceding subparagraph.

6. General rules governing the intervention measures provided for in this Article and in particular the conditions under which such measures may be applied shall be determined by the Council in accordance with the same procedure.

7. Detailed rules for the application of this Article, and in particular the amount of aid for private storage, shall be adopted in accordance with the procedure laid down in Article 30.

#### Article 7

1. Under conditions determined in accordance with paragraph 4, the intervention agency designated by each Member State shall buy in at the intervention price the first-quality skimmed milk powder produced in the Community offered to it, if it reaches certain standards.

2. Disposal of the skimmed milk powder bought in by the intervention agency shall take place in such a way as to avoid disturbing the balance of the market and to ensure equal access to the products for sale and equal treatment of purchasers.

Special measures may be taken for skimmed milk powder which cannot be marketed on normal terms during a milk year.

3. Under conditions determined in accordance with paragraph 4, aid may be granted for the private storage of first-quality skimmed milk powder produced in the Community, if it reaches certain standards

4. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall determine general rules governing the intervention measures provided for in this Article and in particular the conditions under which such measures may be applied.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

#### Article 8

1. Under conditions determined in accordance with paragraph 4, the intervention agency designated by the Member State in which Grana padano and Parmigiano Reggiano cheeses qualifying to bear the designation of origin are produced shall buy in those cheeses at the intervention price, if they reach certain standards.

2. Disposal of the cheeses specified in paragraph 1, bought in by the intervention agency, shall take place in such a way as to avoid disturbing the balance of the market and to ensure equal access to the products for sale and equal treatment of purchasers.

Special measures may be taken for quantities which cannot be marketed on normal terms during a milk year.

3. Under conditions determined in accordance with paragraph 4, aid shall be granted for the private storage of:

- (a) Grana padano cheese at least twelve months old;
- (b) Parmigiano Reggiano cheese at least eighteen months old;

if these cheeses reach certain standards.

4. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall determine general rules governing the intervention measures provided for in this Article and in particular the conditions under which such measures may be applied.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 9*

1. In years when they prove to be necessary intervention measures may be taken in respect of stored cheeses, in order to support the market, if such cheeses reach certain standards.

Such measures shall usually take the form of aid for private storage.

2. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall determine general rules governing the intervention measures provided for in this Article.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 10*

1. Under conditions determined in accordance with paragraph 2, aid shall be granted for skimmed milk and skimmed milk powder which are produced in the Community and are for use as feeding-stuffs if these products reach certain standards.

2. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt general rules governing the aid provided for in this Article and in particular the conditions under which such aid may be granted.

In accordance with the same procedure, aid for skimmed milk and for skimmed milk powder shall be fixed each year for the following milk year at the same time as the target price. However, if special circumstances so require, such aid may be altered during a milk year in accordance with the same procedure.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 11*

1. Under conditions determined in accordance with paragraph 2, aid shall be granted for Community-produced skimmed milk processed into casein, if such milk and the casein produced from it reach certain standards.

2. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt general rules governing the aid provided for in this Article and in particular the conditions under which such aid may be granted.

3. Detailed rules for the application of this Article, and in particular the amount of the aid, shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 12*

1. When surpluses of butterfat build up, or are likely to occur, measures other than those laid down in Article 6 may be taken in order to facilitate their disposal.

2. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall decide on the measures provided for in this Article and adopt general rules governing their application.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

### TITLE III

#### Trade with third countries

#### *Article 13*

1. Imports into the Community of any of the products listed in Article 1 shall be made conditional on the submission of an import licence. Exports from the Community of any such products may be made conditional on the submission of an export licence.

2. Member States may issue a licence to any applicant irrespective of the place of his establishment in the Community.

The licence shall be valid for a transaction carried out in the Community from a date to be fixed by

the Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission:

- from 1 January 1970 at the latest for the products listed in Article 1 (a) 1;
- from 1 August 1969 at the latest for the other products listed in Article 1.

Until those dates such a licence shall be valid only for a transaction effected in the Member State which issued it.

The issue of such licences shall be conditional on the lodging of a deposit guaranteeing that importation is effected during the period of validity of the licence; the deposit shall be forfeited in whole or in part if the transaction is not effected, or is only partially effected, within that period.

3. The list of products for which export licences are required shall be determined in accordance with the procedure laid down in Article 30.

The period of validity of licences and other detailed rules for the application of this Article shall be adopted in accordance with the same procedure.

#### Article 14

1. Until 31 December 1969 the rates of duty in the Common Customs Tariff shall apply to imports of the products listed in Article 1 (a) 1.

2. A levy shall be charged on imports of the products listed in Article 1 (a) 2 and (b) to (g).

3. The products referred to in paragraph 2 may be divided into groups. A pilot product shall be determined for each group. The other products of a group shall hereinafter be called 'assimilated products'.

If it is not fixed by special provision, the levy on the products in any one group shall be equal to the threshold price for the pilot product less the free-at-frontier price.

However, the levy on products in respect of which the customs duty has been bound within GATT shall be limited to the amount resulting from that binding.

4. A free-at-Community frontier price shall be determined for each pilot product on the basis of the most favourable purchasing opportunities in international trade for the products of the related group. However, assimilated products, the levy on which is not equal to the levy on the related pilot product, shall not be taken into account.

In the determination of free-at-frontier prices account shall be taken of possible future differences

between the product for which the price is determined and the pilot product, in so far as they affect the marketing of the product in question.

5. The levy to be charged shall be that applicable on the day of importation.

6. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall determine:

- the groups of products and their respective pilot products;
- the special provisions for fixing the levies.

7. Detailed rules for the application of this Article, in particular the methods of determining the free-at-frontier prices and, where appropriate, the margin within which variations in the factors used in calculating the levy do not require any change in the latter, shall be adopted in accordance with the procedure laid down in Article 30.

8. The Commission shall fix the levies specified in this Article.

#### Article 15

Until 31 December 1969 Member States shall maintain, in relation to third countries, for the products listed in Article 1 (a) 1, the charges having effect equivalent to customs duties, the quantitative restrictions and measures having equivalent effect, applicable at the time of the entry into force of this Regulation.

#### Article 16

1. From the date of entry into force of the measures taken in accordance with Article 27 only butter which reaches the quality standards applicable to Community-produced butter bearing the control stamp provided for in that Article may be imported into the Community.

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, may make exceptions to the provisions of the first subparagraph.

2. Detailed rules for the application of this Article, and in particular measures for the control of butter imports, shall be adopted in accordance with the procedure laid down in Article 30.

#### Article 17

1. To the extent necessary to enable the products listed in Article 1 to be exported either in the state

referred to therein or in the form of goods listed in the Annex in the case of products listed in Article 1 (a), (b), (c) and (e), on the basis of the prices for those products in international trade, the difference between those prices in the Community may be covered by an export refund.

2. The refund shall be the same for the whole Community. It may be varied according to use or destination.

The refund shall be granted on application by the party concerned.

When the refund is being fixed particular account shall be taken of the need to establish a balance between the use of Community basic products in the manufacture of processed goods for export to third countries and the use of third country products brought in under inward processing arrangements.

3. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt general rules for granting refunds, for fixing their amount and for their advance fixing.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

Refunds shall be fixed at regular intervals in accordance with the same procedure.

5. Where necessary the Commission may, at the request of a Member State or on its own initiative, alter the refunds in the intervening period.

#### Article 18

1. To the extent necessary for the proper working of the common organisation of the market in milk and milk products, the Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, may, in special cases, prohibit, in whole or in part, the use of inward processing arrangements in respect of products listed in Article 1 which are intended for the manufacture of products listed in that Article or of the goods listed in the Annex.

2. Community provisions to regulate the inward processing trade in the products listed in Article 1 shall be adopted not later than 1 July 1968.

3. Rules to be applied until the provisions mentioned in paragraph 2 enter into force shall be adopted in accordance with the procedure referred to in paragraph 1; they shall apply in respect of:

(a) the rate of yield to be taken when determining the quantity of Article 1 products used in the manufacture of processed goods for export;

(b) the determination, for the purpose of applying customs duties or levies, of the quantity of products used in the manufacture of processed goods put into free circulation.

4. For the purposes of this Article 'inward processing arrangements' means all those provisions determining the conditions under which products from third countries are used within the Community in the manufacture of goods for export and enjoy exemption from the customs duties or levies applicable to them.

#### Article 19

1. The general rules for the interpretation of the Common Customs Tariff and the special rules for its application shall apply to the tariff classification of products covered by this Regulation; the tariff nomenclature resulting from application of this Regulation shall be incorporated in the Common Customs Tariff.

2. Save as otherwise provided in this Regulation or where derogation therefrom is decided by the Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, the following shall be prohibited:

- the levying of any customs duty or charge having equivalent effect;
- the application of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol on the Grand Duchy of Luxembourg.

The restriction of import and export licences to a specified category of those entitled to receive them shall be one of the measures considered as having effect equivalent to a quantitative restriction.

#### Article 20

1. When the free-at-frontier price for one or more of the pilot products rises substantially above the threshold price and this situation is likely to continue, thereby disturbing or threatening to disturb the Community market, the necessary measures may be taken.

2. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt general rules for the application of this Article.

#### Article 21

1. If by reason of imports or exports the Community market in one or more of the products listed in Article 1 experiences or is threatened with

serious disturbances which may endanger the objectives set out in Article 39 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased.

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt detailed rules for the application of this paragraph and define the cases in which and the limits within which Member States may take protective measures.

2. If the situation mentioned in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the measures shall be communicated to the Member States and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within twenty-four hours following receipt of the request.

3. The measures decided upon by the Commission may be referred to the Council by any Member State within three working days following the day on which they were communicated. The Council shall meet without delay. It may amend or repeal the measures in question in accordance with the voting procedure laid down in Article 43 (2) of the Treaty.

#### TITLE IV

##### General provisions

###### Article 22

1. The following shall be prohibited in the internal trade of the Community:

- the levying of any customs duty or charge having equivalent effect;
- any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol on the Grand Duchy of Luxembourg;
- recourse to Article 44 of the Treaty.

2. The Community system of supplementary measures for products falling within heading No 04.01 of the Common Customs Tariff shall be adopted before 1 April 1969 and applied not later than 1 January 1970.

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt transitional provisions applicable not later than 1 January 1969 for intra-Community trade in the products listed in Article 1 (a) 1.

Until these transitional provisions are applied Member States may retain for such products the quantitative restrictions and measures having equivalent effect operative at the time of the entry into force of this Regulation.

Until 31 December 1969 the Federal Republic of Germany may retain the system of collection and distribution areas for milk and the Italian Republic the measures regulating the supply of drinking milk to certain areas.

3. Until the provisions adopted in accordance with Article 27 are applied each Member State shall retain the system applicable on 30 June 1968 under Article 2 (6) of Regulation No 13/64/EEC in respect of butter coming from third countries and for deliveries from other Member States.

4. Goods listed in Article 1 which are manufactured or obtained from products to which Article 9 (2) and Article 10 (1) of the Treaty do not apply shall not be admitted to free circulation within the Community.

###### Article 23

Save as otherwise provided in this Regulation, Articles 92 to 94 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

###### Article 24

1. Subject to the provisions of Article 92 (2) of the Treaty, aids the amount of which is fixed on the basis of the price or quantity of products listed in Article 1 shall be prohibited.

2. National measures permitting equalisation between the prices of products listed in Article 1 shall also be prohibited.

###### Article 25

1. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, may authorise the Federal Republic of Germany, at its request, to grant, for butter and Gouda, Edam and Tilsit cheeses, until 31 December 1969, degressive national aids to consumption, such as will facilitate the introduction of single prices for milk and milk products.

2. The Grand Duchy of Luxembourg shall be authorised to grant aid to milk producers until the end of the 1973/74 milk year, the amount of which shall not exceed per 100 kilogrammes:

0.375 units of account until the end of the 1971/72 milk year;

0.300 units of account during the 1972/73 milk year;

0.200 units of account during the 1973/74 milk year.

3. Should the Federal Republic of Germany have recourse to the authority for which paragraph 1 provides, it shall by way of derogation from Article 22 (1) charge a compensatory amount, equal to the amount of the national aid, on exports to third countries and delivery to Member States of the products in question, and it shall grant a subsidy equal to the compensatory amount on imports from third countries and on deliveries from Member States of the same or similar products.

In trade in the goods listed in Article 1, for the manufacture of which products have been used to which the provisions of the first subparagraph apply, compensatory amounts shall be charged and subsidies granted whose amount per 100 kilogrammes shall be derived from those applicable to the products used on the basis of the quantity used in 100 kilogrammes of the goods in question.

4. General rules for the application of paragraph 3 shall be adopted by the Council acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission.

5. Detailed rules for the application of this Article, in particular the compensatory amount, shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 26*

Member States may grant national aids to provide school children with milk products falling within headings Nos 04.01 or 22.02 of the Common Customs Tariff.

#### *Article 27*

Measures concerning the production and marketing of butter shall be taken in accordance with the procedure laid down in Article 43 (2) of the Treaty; they shall provide, in particular, for a control stamp on butter reaching certain standards.

#### *Article 28*

Member States and the Commission shall communicate to each other the information necessary for implementing this Regulation. Rules for the communication and distribution of such information shall be adopted in accordance with the procedure laid down in Article 30.

#### *Article 29*

1. A Management Committee for Milk and Milk Products (hereinafter called the 'Committee') shall be established, consisting of representatives of Member States and presided over by a representative of the Commission.

2. Within the Committee the votes of Member states shall be weighted in accordance with Article 148 (2) of the Treaty. The Chairman shall not vote.

#### *Article 30*

1. Where the procedure laid down in this Article is to be followed, the Chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within a time-limit to be set by the Chairman according to the urgency of the questions under consideration. An Opinion shall be adopted by a majority of twelve votes.

3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the Opinion of the Committee, they shall forthwith be communicated by the Commission to the Council. In that event the Commission may defer application of the measures which it has adopted for not more than one month from the date of such communication.

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty, may take a different decision within one month.

#### *Article 31*

The Committee may consider any other question referred to it by its Chairman either on his own initiative or at the request of the representative of a Member State.

#### *Article 32*

At the end of the transitional period, the Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall decide in the light of experience whether to retain or amend the provisions of Article 30.

#### *Article 33*

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 39 and 110 of the Treaty.

*Article 34*

Regulation No 25<sup>1</sup> on the financing of the common agricultural policy and the provisions adopted in implementation thereof shall apply to the products listed in Article 1 from the date on which the present Regulation begins to apply.

*Article 35*

Should transitional measures be necessary to facilitate the transition from the system provided in Regulation No 13/64/EEC to that established by this Regulation, in particular if the introduction of the new system on the date provided for would give rise to substantial difficulties in respect products, such measures shall be adopted in accordance with the procedure laid down in Article 30. They shall be applicable until 28 July 1969 at the latest.

*Article 36*

The general rules for the interpretation of the Common Customs Tariff and the special rules for its application shall apply to the tariff classification of products covered by Regulation No 13/64/EEC; the tariff nomenclature resulting from application of that Regulation shall be incorporated in the

Common Customs Tariff from the date on which the latter is fully applied.

*Article 37*

1. This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

2. The system established by this Regulation shall apply from 29 July 1968, except for:

- (a) the measures provided for in Article 35 which may be made to apply from the date of entry into force of this Regulation;
- (b) Article 36, which shall apply from the date of entry into force of this Regulation.

3. Regulation No 13/64/EEC and the provisions adopted in implementation thereof shall be repealed with effect from 29 July 1968, except for:

- (a) Regulation No 3/63/EEC<sup>2</sup> and
- (b) Articles 3 and 5 of Regulation No 116/65/EEC<sup>3</sup> and the provisions adopted in pursuance of the said Article 3.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 27 June 1968.

*For the Council*

*The President*

E. FAURE

<sup>1</sup> OJ No 30, 20.4.1962, p. 991/62.

<sup>2</sup> OJ No 14, 29.1.1963, p. 153/63.

<sup>3</sup> OJ No 130, 16.7.1965, p. 2173/65.

## ANNEX

CCT heading No	Description of goods
17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel: A. Lactose and lactose syrup: I. Containing, in the dry state, 99% or more by weight of the pure product
17.04	Sugar, confectionary, not containing cocoa: C. White chocolate D. Other
18.06	Chocolate and other food preparations containing cocoa: B. Ice-cream (not including ice-cream powder) and other ices C. Chocolate and chocolate goods, whether or not filled; sugar confectionary and substitutes therefor made from sugar substitution products, containing cocoa D. Other
19.02	Preparations of flour, meal, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50% by weight of cocoa
19.08	Pastry, biscuits, cakes and other fine bakers' wares, whether or not containing cocoa in any proportion
21.07	Food preparations not elsewhere specified or included
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.07 B. Other (i.e. containing milk or milk fats)
35.01	Casein, caseinates and other casein derivatives; casein glues
35.02	Albumins, albuminates and other albumin derivatives: A. Albumins: II. Other (i.e. not unfit or rendered unfit for human consumption): ex (a) Lactalbumin: 1. Dried (for example, in sheets, scales, flakes, powder) 2. Other